

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

PFA0064/PAT0065 – ESSENTIALS OF FINANCIAL ACCOUNTING/FINANCIAL ACCOUNTING

(Foundation in Management)

7 OCTOBER 2016
9.00 a.m -11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with 5 questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers in the Answer Booklet.

Question 1

The following balances have been extracted from the books of Shahar Sdn. Bhd. on 31st August 2016.

	(RM)
Direct wages	62,000
Rental expenses	82,000
Water and electricity	150,000
Selling and distribution expenses	62,000
Factory insurance	12,000
Indirect materials	56,000
Factory supervisor salary	78,200
Royalties	55,500
Inventories for raw materials (1 September 2015)	25,000
Purchases of raw materials	180,000
Factory building (cost)	650,000
Repairs to factory building	80,200
General expenses of factory	33,200
Maintaining machinery	42,000
Carriage inwards for raw materials	8,500
Custom duty on raw materials	10,590
Factory vehicle maintenance expenses	14,500
Inventories for raw materials (31 August 2016)	15,300

Additional information:

- i. $\frac{1}{2}$ of rental expenses is allocated to the administration of the company and the rest are allocated to factory.
- ii. $\frac{1}{4}$ of water and electricity is allocated to the factory.
- iii. RM3,500 annual depreciation is provided for machinery.
- iv. Factory building is to be depreciated at 20% per annum using straight line method.

Required

Prepare the manufacturing account for the year ended 31st August 2016.

(Total 20 marks)

Continued...

Question 2

The following is the Receipts and Payments account of Iris Fitness Club for the year's activities:

Iris Fitness Club Receipts and Payments Account for the year ended 31 December 2015			
<u>Receipts</u>	RM	<u>Payment</u>	RM
Bank balance b/d	2,650	Purchase of new sports equipment	5,200
Entrance fees	3,750	Utilities	2,000
Proceeds from fundraising activities	18,300	Fitness and training instructors fees	8,500
Subscriptions:		Staff wages	2,800
2015 (current year)	7,600	Settlement of outstanding staff wages	750
2016 (in advance)	3,400	Printing and stationery	350
		Miscellaneous expenses	500
		Bank balance c/d	15,600
	<u>35,700</u>		<u>35,700</u>

Notes:

	1 January 2015 (RM)	31 December 2015 (RM)
Subscription in arrears	60	90
Subscription in advance	30	120

Required

- Prepare the subscription account for Iris fitness club. (8 marks)
- Prepare the income and expenditure account for the year ended 31 December 2015. (12 marks)

(Total 20 marks)

Continued...

Question 3

Alwin and Jeff are in partnership, sharing profits and losses based on the ratio 2:3. The following is their statement of financial position as at 31st August 2016;

	(RM)	(RM)
<u>Non-current assets</u>		
Building	80,000	
Furniture	60,000	
Motor vehicle	120,000	
Fixture and fittings	80,000	340,000
<u>Current assets</u>		
Inventory	55,000	
Accounts receivable	45,000	
Cash	86,000	186,000
Total assets		526,000
<u>Current liabilities</u>		
Accounts payable		279,000
<u>Partners' capital accounts</u>		
Alwin	200,000	
Jeff	47,000	247,000
Total liabilities and capital		526,000

Alwin retired on 1st September 2016 and on the same date Abraham was admitted to the partnership. For the purpose of these changes,

- i. The following assets were revalued as below:

	(RM)
Building	115,000
Furniture	40,000
Motor vehicle	80,000
Fixture and fittings	74,000
Inventory	42,000

- ii. A provision for bad debts of RM22,000 is also to be created.
 iii. In the new partnership, profits and losses will be divided equally between Abraham and Jeff.
 iv. Abraham will introduce cash of RM400,000 and Alwin is to receive payment for his capital in cash but no other cash is to change hands between partners in implementing the change.

Continued...

Required

a) Prepare the revaluation account. (9 marks)

b) Prepare the partner's capital account (columnar form). (11 marks)

(Total 20 marks)**Question 4**

The following is the trial balance from the books of Carrine Berhad:

	Debit (RM)	Credit (RM)
Bank	6,723	
Accounts receivable	18,910	
Accounts payable		12,304
Inventory at 31 December 2014	40,360	
Buildings at cost	100,000	
Equipment at cost	45,000	
Retained earnings as at 31 December 2014		15,286
General reserve		8,000
Share premium		4,200
Authorised and issued share capital		100,000
Purchases	72,360	
Sales		135,486
Carriage inwards	1,570	
Carriage outwards	1,390	
Salaries	18,310	
Rates expenses	4,235	
Office expenses	3,022	
Sundry expenses	1,896	
Accumulated depreciation as at 31 December 2014:		
Buildings		32,000
Equipment		16,000
Directors' remuneration	9,500	
	<u>323,276</u>	<u>323,276</u>

Additional information:

- Inventory at 31 December 2015 amounted to RM52,360.
- Rates owing RM280 and office expenses owing RM190.
- The directors decided to propose a final dividend of 10%.
- RM1,000 is transferred to general reserves.
- Annual depreciation charges on cost: Buildings 5%, Equipment 20%.

Continued...

Required

- a) Prepare the statement of profit or loss and other comprehensive income for the year ended 31 December 2015. (16 marks)
- b) Prepare the statement of changes in equity for the year ended 31 December 2015. (4 marks)

(Total 20 marks)**Question 5**

- a) Following are list of transactions from Hazelnut Berhad.

	Transactions	Effect
i.	Payment of cash dividends.	
ii.	Payment of interest.	
iii.	Sale of ordinary shares.	
iv.	Payment of accounts payable.	
v.	Payment of salaries.	
vi.	Receipt of cash dividends.	
vii.	Purchase of land.	
viii.	Final dividend declared.	
ix.	A decrease in the inventory.	
x.	An increase in the balance of accounts payable.	

Required

Indicate the effect of the above transactions on the cash balance. Use + for increase, - for decrease, and 0 for no change. (10 marks)

- b) Below are list of transactions given for ABC Berhad.

- i. Ordinary share is sold for cash above par value.
- ii. Bonds payable are issued for cash at a discount.
- iii. Interest receivable on a short-term note receivable is collected.
- iv. Premises is sold for cash at book value.
- v. Accounts payable are paid in cash.
- vi. Equipment is purchased by signing a 3-year, 10% note payable.
- vii. Cash dividends on ordinary share are declared and paid.
- viii. 100 units of XYZ ordinary shares are purchased for cash.
- ix. Merchandise is sold to customers for cash.
- x. Bonds payable are converted into ordinary share.

Required

Classify the above transactions as either **operating activities**, **investing activities**, **financing activities** or **non-cash activities**. (10 marks)

(Total 20 marks)**End of Paper**